



Senate

General Assembly

January Session, 2007

File No. 548

Senate Bill No. 1071

Senate, April 23, 2007

The Committee on Finance, Revenue and Bonding reported through SEN. DAILY of the 33rd Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING GAMING PRODUCTS AND RAFFLE PRIZES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (NEW) (*Effective January 1, 2008*) (a) As used in this section
2 (1) "bingo" has the same meaning as provided in section 7-169 of the
3 general statutes, and (2) "bingo products" means bingo ball equipment,
4 bingo cards or bingo paper.
- 5 (b) Each group or organization authorized to operate or conduct a
6 bingo game or series of bingo games pursuant to sections 7-169, 7-169a
7 and 7-169c of the general statutes, shall use bingo products that are (1)
8 owned in full by such group or organization, (2) used without
9 compensation by such group or organization, or (3) rented or
10 purchased from a bingo product manufacturer or equipment dealer
11 who is registered with the Division of Special Revenue in accordance
12 with subsection (c) of this section.
- 13 (c) Each applicant for registration as a bingo product manufacturer
14 or equipment dealer shall apply to the executive director of the

15 Division of Special Revenue on such forms as the executive director
16 prescribes. The application shall be accompanied by an annual fee of
17 fifteen hundred dollars payable to the State Treasurer. Each applicant
18 for an initial registration shall submit to state and national criminal
19 history records checks conducted in accordance with section 29-17a of
20 the general statutes before such registration is issued.

21 (d) No registered bingo product manufacturer or equipment dealer
22 shall rent or sell any type of bingo product that has not been approved
23 by the executive director of the Division of Special Revenue.

24 (e) The Division of Special Revenue may revoke for cause any
25 registration issued in accordance with subsection (c) of this section.

26 (f) The executive director of the Division of Special Revenue may
27 adopt regulations, in accordance with chapter 54 of the general
28 statutes, to implement the provisions of this section.

29 Sec. 2. (NEW) (*Effective January 1, 2008*) (a) No permittee pursuant to
30 section 7-169h of the general statutes, as amended by this act, may use
31 a mechanical or electronic ticket dispensing machine to sell sealed
32 tickets unless such machine is owned in full by the permittee or is
33 rented or purchased from a manufacturer or dealer who is registered
34 with the Division of Special Revenue.

35 (b) Each applicant for registration as a manufacturer or dealer in
36 sealed ticket dispensing machines shall apply to the executive director
37 on such forms as the executive director prescribes. The application
38 shall be accompanied by an annual fee of five hundred dollars payable
39 to the State Treasurer. Each applicant for initial registration shall
40 submit to state and national criminal history records checks conducted
41 in accordance with section 29-17a of the general statutes before such
42 registration is issued.

43 (c) The Division of Special Revenue may revoke for cause any
44 registration issued in accordance with subsection (a) of this section.

45 (d) The executive director of the Division of Special Revenue may

46 adopt regulations, in accordance with chapter 54 of the general
47 statutes, to implement the provisions of this section.

48 Sec. 3. Subsection (a) of section 7-169h of the general statutes is
49 repealed and the following is substituted in lieu thereof (*Effective*
50 *January 1, 2008*):

51 (a) For the purposes of this section and section 2 of this act:

52 (1) "Executive director" means the executive director of the Division
53 of Special Revenue within the Department of Revenue Services who
54 shall be responsible for the regulation of the distribution and sale of
55 sealed tickets in the state;

56 (2) "Division" means the Division of Special Revenue within the
57 Department of Revenue Services;

58 (3) "Sealed ticket" means a card with tabs which, when pulled,
59 expose pictures of various objects, symbols or numbers and which
60 entitles the holder of the ticket to receive a prize if the combination of
61 objects, symbols or numbers pictured matches what is determined to
62 be a winning combination.

63 Sec. 4. Subsection (e) of section 7-169h of the general statutes is
64 repealed and the following is substituted in lieu thereof (*Effective*
65 *January 1, 2008*):

66 (e) Notwithstanding the provisions of subsection (b) of section 53-
67 278b and subsection (d) of section 53-278c, sealed tickets may be sold,
68 offered for sale, displayed or open to public view only (1) during the
69 course of a bingo game conducted in accordance with the provisions of
70 section 7-169 and only at the location at which such bingo game is
71 conducted, (2) on the premises of any such organization or group
72 specified in subdivision (2) of subsection (c) of this section, (3) during
73 the conduct of a bazaar under the provisions of sections 7-170 to 7-186,
74 inclusive, or (4) in conjunction with any social function or event
75 sponsored or conducted by any such organization specified in
76 subdivision (4) of subsection (c) of this section. [Permittees] Subject to

77 the provisions of section 2 of this act, permittees may utilize a
78 mechanical or electronic ticket dispensing machine approved by the
79 division to sell sealed tickets. Sealed tickets shall not be sold to any
80 person less than eighteen years of age. All proceeds from the sale of
81 tickets shall be used for a charitable purpose, as defined in section 21a-
82 190a.

83 Sec. 5. (NEW) (*Effective October 1, 2007*) Any sponsoring
84 organization with a "Class No. 1", "Class No. 2", or "Class No. 4" permit
85 that is qualified to conduct a raffle under section 7-172 of the general
86 statutes or section 7-185a of the general statutes, as amended by this
87 act, may conduct a frog-race, duck-race or traditional raffle and may
88 award cash prizes to participants in such a raffle in addition to those
89 prizes authorized under section 7-177 of the general statutes, as
90 amended by this act. Such raffle shall conform to the requirements of
91 sections 7-170 to 7-186, inclusive, of the general statutes. Each
92 organization conducting a raffle described in this section shall deposit
93 all proceeds from such raffle in a special checking account established
94 and maintained by the organization which shall be subject to audit by
95 the Division of Special Revenue. Any expense incidental to the conduct
96 of such raffle shall be paid from the gross receipts of raffle tickets and
97 only by checks drawn from such checking account. All cash prizes
98 awarded shall be paid from such checking account.

99 Sec. 6. Section 7-177 of the general statutes is repealed and the
100 following is substituted in lieu thereof (*Effective October 1, 2007*):

101 All prizes given at any bazaar or raffle shall be merchandise,
102 tangible personal property or a ticket, coupon or gift certificate, [which
103 shall not be refundable or transferable,] entitling the winner to
104 merchandise, tangible personal property, services, transportation on a
105 common carrier by land, water or air and to any tour facilities
106 provided in connection therewith, or to participation in a lottery
107 conducted under chapter 226. [Cash] Such ticket, coupon or gift
108 certificate shall not be refundable or transferable. No cash prizes or
109 prizes consisting of alcoholic liquor shall [not] be given, [nor shall any

110 prize] except as provided in section 5 of this act, and no prize shall be
111 redeemed or redeemable for cash, except tickets for a lottery
112 conducted under chapter 226. For the purposes of this section, coins
113 whose trading value exceeds their face value and coins not commonly
114 in circulation shall not be deemed a cash prize.

115 Sec. 7. Section 7-185 of the general statutes is repealed and the
116 following is substituted in lieu thereof (*Effective October 1, 2007*):

117 The executive director of the Division of Special Revenue, with the
118 advice and consent of the Gaming Policy Board, shall adopt, in
119 accordance with the provisions of chapter 54, such regulations as are
120 necessary [effectively to carry out] to effectuate the provisions of
121 sections 7-170 to 7-186, inclusive, and section 5 of this act in order to
122 prevent fraud and protect the public, which regulations shall have the
123 effect of law.

124 Sec. 8. Subsection (e) of section 7-185a of the general statutes is
125 repealed and the following is substituted in lieu thereof (*Effective*
126 *October 1, 2007*):

127 (e) Notwithstanding the provisions of sections 7-170 to 7-186,
128 inclusive, and the regulations adopted thereunder, any organization
129 conducting a bazaar may operate a "teacup raffle" and may award
130 prizes consisting of merchandise each not exceeding one hundred
131 dollars [each] in value through the sale of chances. No such
132 organization may conduct more than one scheduled "teacup raffle"
133 drawing for all prizes offered on any day on which a bazaar is
134 permitted. A "teacup raffle" shall be operated from an authorized
135 bazaar booth, and shall be subject to regulation by the executive
136 director of the Division of Special Revenue. Each "teacup raffle" ticket
137 shall (1) be consecutively numbered and have a correspondingly
138 numbered stub [which] that shall include the name, address and
139 telephone number of the purchaser, or (2) be a sheet containing up to
140 twenty-five coupons, each bearing the same number, and including a
141 "hold" stub for the purchaser and a correspondingly numbered stub
142 including the name, address and telephone number of the purchaser.

143 The Division of Special Revenue shall be the sole issuer of sheet tickets
144 which shall be made available for purchase by permittees as fund
145 raising items at a price not to exceed ten per cent above the state
146 purchase price. Each sponsoring organization conducting such raffle
147 shall conspicuously post, at each bazaar booth at which such raffle is
148 conducted, a notice or notices [which shall] that include the date and
149 time of any "teacup raffle" drawing. The sponsoring organization shall
150 preserve all sold and unsold tickets or stubs for a period of at least one
151 year from the date of the verified statement required pursuant to
152 section 7-182.

153 Sec. 9. (NEW) (*Effective October 1, 2007*) (a) As used in this section,
154 "tuition raffle" means a raffle in which the prize is payment of the
155 tuition or part of the tuition at an educational institution for a student
156 recipient designated by the raffle winner.

157 (b) Notwithstanding the provisions of sections 7-170 to 7-186,
158 inclusive, of the general statutes, any organization qualified to conduct
159 a bazaar or raffle under section 7-172 of the general statutes may
160 conduct a special tuition raffle once each calendar year. The executive
161 director shall adopt such regulations, in accordance with chapter 54 of
162 the general statutes, as are necessary to carry out the provisions of this
163 section. Said regulations shall allow (1) any organization permitted to
164 conduct a special tuition raffle to fund all or a portion of a student
165 recipient's education each year for a period not to exceed four years,
166 (2) permit the student recipient to be the actual tuition raffle winner, a
167 relative of the raffle winner or a student chosen by the raffle winner,
168 (3) give authority to the sponsoring organization to permit the tuition
169 prize to be divided among student recipients designated by the raffle
170 winner, (4) provide that the tuition prize be paid each consecutive
171 year, commencing with the first year of the student recipient's
172 education at an accredited private or parochial school, or public or
173 independent institution of higher education selected by the student
174 recipient, (5) provide that the tuition prize be paid directly to the
175 educational institution designated by the student recipient, and no
176 tuition prize shall be redeemed or redeemable for cash, and (6) provide

177 that the tuition raffle winner have a period not to exceed four years to
178 designate a student recipient.

179 (c) All proceeds of the special tuition raffle shall be deposited in a
180 special dedicated bank account approved by the executive director of
181 the Division of Special Revenue, and all special tuition raffle expenses
182 shall be paid from such account. The executive director shall prescribe
183 the maintenance of tuition raffle accounts by any sponsoring
184 organization and such accounts shall be subject to audit by the
185 executive director or his designee. The executive director may require
186 any organization conducting a tuition raffle to post a performance
187 bond in an amount sufficient to fully fund the special tuition raffle
188 prize to be awarded.

189 (d) Any organization permitted to conduct a special tuition raffle
190 shall, in addition to the verified financial statement required in
191 accordance with section 7-182 of the general statutes, file a tuition
192 raffle financial report in a manner prescribed by the executive director.
193 Such report shall detail the status of the tuition prize money or the
194 raffle and any other information that the executive director may
195 require, on a quarterly basis, during the months of January, April, July
196 and October, until all tuition payments for each special tuition raffle
197 have been paid.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2008</i>	New section
Sec. 2	<i>January 1, 2008</i>	New section
Sec. 3	<i>January 1, 2008</i>	7-169h(a)
Sec. 4	<i>January 1, 2008</i>	7-169h(e)
Sec. 5	<i>October 1, 2007</i>	New section
Sec. 6	<i>October 1, 2007</i>	7-177
Sec. 7	<i>October 1, 2007</i>	7-185
Sec. 8	<i>October 1, 2007</i>	7-185a(e)
Sec. 9	<i>October 1, 2007</i>	New section

PS

Joint Favorable C/R

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Joint Favorable

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 08 \$	FY 09 \$
Spec. Revenue, Div. of	GF - Revenue Gain	9,000	9,000
Spec. Revenue, Div. of	GF - Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill is expected to result in a minimal revenue gain of approximately \$9,000 from permit fees collected by the Division of Special Revenue (DSR).

The bill also requires DSR to buy sheet tickets for sale back to qualifying organizations as fundraising items, as a service to those organizations. The cost to buy the ticket sheets is approximately \$5,500, but will be recovered from sales to organizations.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**SB 1071****AN ACT CONCERNING GAMING PRODUCTS AND RAFFLE PRIZES.****SUMMARY:**

This bill:

1. authorizes qualified organizations to conduct special tuition raffles, subject to Division of Special Revenue (DSR) regulation, and offer tuition payments as prizes;
2. requires (although not explicitly) dealers and manufacturers who sell or rent bingo products, bingo equipment, or sealed ticket machines to register annually with DSR and pay a fee (\$500 for sealed ticket applicants and \$1,500 for bingo applicants);
3. allows three classes of raffle permittees to award cash prizes, with a maximum allowable prize of \$15,000 for class 1 raffles; and
4. allows the sale of sheet tickets in teacup raffles.

EFFECTIVE DATE: Various, see below.

TUITION RAFFLES***Tuition Raffle Authorized***

The bill allows organizations qualified to conduct bazaars and raffles to conduct a special tuition raffle once each calendar year. It defines a tuition raffle as one in which the prize is the payment of tuition at an educational institution for a student recipient the raffle winner designates.

Implementing Regulations for Tuition Raffles

The bill requires the DSR executive director to adopt implementing regulations for tuition raffles. The regulations must:

1. allow organizations to fund all or a portion of a student recipient's education each year for up to four years;
2. allow organizations to give the tuition award to the raffle winner, the winner's relative, or a student the winner chooses;
3. authorize the sponsoring organization to allow the raffle winner to designate several students to share the tuition prize;
4. provide that tuition prizes are paid each consecutive year, starting in the student's first year at an accredited private or parochial school, or public or independent college the student selects;
5. require that prizes be paid directly to the educational institution the student recipient designates and disallow redemption of prizes for cash; and
6. give raffle winners a maximum four years to name a student recipient.

Accounting and Reporting Procedures for Tuition Raffles

The bill requires special tuition raffle proceeds to be deposited in a special dedicated bank account to pay special tuition raffle expenses. The DSR executive director must approve the accounts, which are subject to DSR audit, and prescribe how sponsoring organizations maintain them. He may require organizations to post a performance bond to fully fund prizes.

Organizations that conduct tuition raffles must file quarterly tuition raffle financial reports as the executive director prescribes. These are in addition to the verified financial reports raffle permittees file under existing law. The reports must detail the status of the tuition prize money or raffle and any other information the executive director

requires. They are due in January, April, July, and October, until the organization makes all the tuition payments for each special raffle.

EFFECTIVE DATE: October 1, 2007

BINGO PRODUCT MANUFACTURERS AND EQUIPMENT DEALER REGISTRATION

The bill defines bingo products as bingo ball equipment, bingo cards, and bingo paper. It implicitly requires bingo product manufacturers or equipment dealers to register with DSR. A person seeking to be registered must apply to the DSR executive director on a form he prescribes and include a \$1,500 fee with the application, payable to the state treasurer. First-time applicants must undergo state and national criminal history record checks as a condition of registration. The registration is renewable annually for \$1,500. DSR may revoke registrations for cause.

The bill prohibits registered bingo product manufacturers and equipment dealers from renting or selling any type of bingo product not approved by DSR. It requires any organization authorized to operate bingo to use bingo products that it (1) owns, (2) uses for free, or (3) rents or buys from a registered manufacturer or dealer.

The bill allows DSR to adopt implementing regulations.

EFFECTIVE DATE: January 1, 2008

SEALED TICKET MACHINE MANUFACTURER AND DEALER REGISTRATION

The bill implicitly requires manufacturers or dealers in sealed ticket dispensing machines to register with DSR. It prohibits permittees authorized to sell sealed tickets from using mechanical or electronic sealed ticket dispensing machines unless they own them or rent or buy them from a registered manufacturer or dealer.

A person seeking to be registered must apply to the DSR executive director on a form he prescribes and include a \$500 fee with the application, payable to the state treasurer. First-time applicants must

undergo state and national criminal history record checks. The registration is renewable annually for \$500. DSR may revoke registrations for cause.

The bill allows DSR to adopt implementing regulations.

EFFECTIVE DATE: January 1, 2008

CASH PRIZES AUTHORIZED FOR REGULAR RAFFLES

Current law prohibits awarding cash prizes for raffles, except cow-chip raffles. The bill allows classes 1, 2, and 4 raffle permittees to award cash prizes for frog-race, duck race, and traditional raffles. Under existing law, the authorized maximum aggregate value of prizes for class 1 raffles is \$15,000; class 2, \$2,000; and class 4, \$100 (CGS § 7-175).

The bill requires the organization conducting a raffle to deposit the proceeds in a special checking account it establishes for this purpose. It must pay all cash prizes from the account, and it must pay incidental expenses from the gross raffle receipts on checks drawn on the account. The account is subject to DSR audits.

EFFECTIVE DATE: October 1, 2007

TEACUP RAFFLES

The bill allows qualified organizations conducting teacup raffles to sell "sheet tickets" as an alternative to single tickets. Sheet tickets may contain up to 25 coupons with the same number and include a hold stub for the buyer and a correspondingly numbered stub with the buyer's name, address, and telephone number. (With sheet tickets, a player can complete one stub that has multiple coupons, instead of multiple stubs, as is the case with single tickets.)

The bill makes DSR the sole sheet ticket issuer. DSR must sell the tickets to permittees as fundraising items. It cannot sell them for more than 10% over what it paid for them.

EFFECTIVE DATE: October 1, 2007

COMMITTEE ACTION

Public Safety and Security Committee

Joint Favorable Change of Reference

Yea 21 Nay 0 (02/27/2007)

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 51 Nay 0 (04/10/2007)